APPLICATION PROCEDURE TO OPERATE A CANNABIS TESTING LABORATORY IN IRVINE

The application process to operate a Cannabis Testing Laboratory (“CTL”) in Irvine will open on Monday, April 2, 2018. Applications and associated documents will be available at the Department of Public Safety, located at the Civic Center and/or online at the City of Irvine’s webpage: cityofirvine.org/cannabislab. For questions regarding the application process please review the FAQ’s. This outlines the application process, required materials, and other information necessary to operate a CTL in the City of Irvine. To be considered, applications must be submitted to the Department of Public Safety located at 1 Civic Center Plaza, Irvine, CA, 92606. This application process is adopted pursuant to the Irvine Municipal Code (IMC) Division 22 Title 4.

BEFORE YOU APPLY

1. Review the information to learn about the application process and which documents you will need.

2. Review the application in its entirety to ensure that it is complete and accurate.

3. Review the information regarding the cannabis testing laboratory permit application on the City webpage: cityofirvine.org/cannabislab which includes the following information:
   - Local regulations governing Irvine CTL's: Irvine Municipal Code Division 22 Title 4 (Ordinance No. 18-02);
   - Background authorization form and/or Live Scan;
   - Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA);
   - Local Zoning Ordinances Title 3-39 (Ordinance No. 18-01);
   - Irvine's Limitations on City Liability;
   - Frequently Asked Questions.

APPLICATION EVALUATION PROCESS

The selection process shall consist of four phases, which are described below. The application will require payment of an administrative fee, established by resolution of the City Council pursuant to IMC § 4-22-107 (1)(a). All of the associated fees can be found on the Fee Schedule located on the City’s webpage.

Phase 1: Preliminary determination of eligibility;
Phase 2: First stage evaluation;
Phase 3: Second stage evaluation;
Phase 4: Chief of Police Final Recommendation.

For additional information and details, refer to the Evaluation and Selection Process below.

1. Criminal History Check: As part of Phase 1 of the Application Process, each owner must undergo a criminal background check demonstrating that they do not provide “good cause” for denial per IMC Section §4-22-107 and pay the associated Live Scan fee and Background Review fee. An Irvine Background Application and Live Scan form is used to run a background check through the Irvine Police Department’s Live Scan System and a fee is charged for each individual processed. Both forms must be completed. The Irvine Background Application and Live Scan forms will be available on the City website or at the Department of Public Safety at City Hall. Please provide proof of the completed Live Scan for each individual listed in the application along with proof of payment of both fees with your
application. This process will be required to meet the minimum threshold qualifications pursuant to IMC §4-22-107. Owners who do not meet criminal history eligibility requirements will be disqualified.

a. You must make an appointment with the Irvine Police Department for each person to be processed. For fee information and to make an appointment, please call 949-724-7000 and let them know you would like to make a Live Scan appointment.

b. Staff will assign a unique form with an identifier code for each individual that you have listed in your application.

c. The Police Department will provide you with two copies of the completed Live Scan form. Please retain one copy for your records and submit the other copy with your application.

2. Application: Applicants must make an appointment and hand deliver two (2) complete comprehensive and signed copies of the City of Irvine Cannabis Testing Laboratory Permit Application Form, and all attachments, if any, along with a flash drive that contains one comprehensive and signed copy of the application in .pdf format, and payment of the application fee. Payment must be made by a certified check, cashier's check or money order made payable to the City of Irvine. Please note the City will not accept cash and the Application Fee is non-refundable. To make an appointment to turn in your application, please call 949-724-7125 or email dklug@cityofirvine.org. A complete application will consist of the following information:

a. The City of Irvine Cannabis Testing Laboratory Permit Application Form and all supporting documents;

b. Background Authorization Form and/or Proof of Live Scan payment for each of the Owners listed on the application;

c. Execute an agreement indemnifying the City from liability by completing the Irvine Limitations on City's Liability and Certifications, Assurances and Warranties form, which must be notarized;

d. Zoning Verification - Once the Department of Public Safety receives the Cannabis Testing Laboratory Permit Application it will be submitted (automatically) to the Department of Community Development (CD) for Zoning Verification. Once CD has confirmed that the proposed laboratory is located on a site that meets all of the requirements of the City's Zoning Code, General Plan, and further that the applicant has complied with all requirements of the California Environmental Quality Act, it will be submitted to the Administrative Services Division for GIS mapping. GIS will confirm that the proposed laboratory is located at least 600 feet away from any parcel zoned for residential purposes and at least 600 feet away from any school (whether public, private, or charter, including pre-school, transitional kindergarten, and K-12), commercial day care center, or youth center. This verification ensures that the location proposal meets the City's locational requirements. The City of Irvine's Zoning Ordinance can be found online at: http://www.municode.com/library/ca/irvine/codes/zoning

e. All the information about the CTL to be evaluated in Phase 1, Phase 2 and Phase 3, which is described in the Application and Evaluation Process section below in this procedure. The only information that can be submitted after the initial application is proof of property ownership or lease agreement. Please note that any change in location will require a new City of Irvine Cannabis Testing Laboratory Permit Application along with a new permit fee.
3. **Amendments to the Application:** Applicants will not be allowed to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures or as authorized in writing by the City Manager or his/her designee. During Phase 1, applicants will be notified if any of the Owners are ineligible and/or if their application is incomplete and will not move forward in the application process. However, in some cases the City may move forward in the application process to other phases if it is anticipated the Live Scan or background check may be delayed. In this case Applicants wishing to move forward in the process acknowledge by signing the application that they agree to these terms and should they be disqualified because of a background or a Live Scan disqualification they will not be eligible for a refund of any fees collected resulting from the modification of this procedure.

4. **Payment of Application Fees:** The individual designated as the CTL contact on the application will be notified by email as to whether the application is advancing to Phase 2 and, subsequently, to Phase 3. The Application fee will cover all phases of the process. As part of Phase 4, the City Manager or his/her designee shall either approve, conditionally approve, or deny the application within 60 days of the application being deemed complete. The City Manager's decision will be final. The City Manager or his/her designee shall provide the Applicant with written notice of his/her decision.

### EVALUATION AND SELECTION PROCESS

The evaluation and selection process shall consist of the following four phases:

**PHASE 1: DETERMINATION OF ELIGIBILITY AND APPLICATION**

1. Each Owner/Principal must undergo a criminal history check demonstrating compliance with the eligibility requirements of IMC Section §4-22-107 and §4-22-108.

2. Applications must be complete to be considered. Applications will be considered complete only if they include all the information required for Phases 1, 2, and 3.

3. Proposed location of business. Applications will go through Zoning Verification.

4. Execute an agreement indemnifying the City from liability by completing the Irvine Limitations on City’s Liability and Certifications, Assurances and Warranties, form which must be notarized.

**PHASE 2: FIRST STAGE EVALUATION (1,500 POINTS)**

1. Applications will be evaluated by an independent third-party review based on the following criteria:
   - Location of business (200 Points)
   - Business Plan (300 Points)
   - Neighborhood Compatibility Plan (300 Points)
   - Safety and Security Plan (300 Points)
   - Air Quality Plan (100 Points)
   - Storage and Transportation Plan (200 Points)
   - Waste and Discharge Plan (100 Points)

2. Applicants scoring a minimum of 80% in Phase 2 will move on to Phase 3.
PHASE 3: SECOND STAGE EVALUATION (2,500 POINTS)

1. An applicant who scores at least 80% in Phase 2 will be interviewed and evaluated by the Department of Public Safety based on the criteria listed below.

2. Prior to the scheduling of the interviews in Phase 3, an applicant may be required to have their proposed site inspected by the Department of Public Safety's designee to ascertain current conditions of the facility.

3. The second stage evaluation will be evaluated by the Department of Public Safety and scored based on the following criteria:
   - Location (proof of ownership or a signed and notarized statement from the Property Owner (200 Points)
   - Business Plan (200 Points)
   - Neighborhood Compatibility Plan (300 Points)
   - Safety and Security Plan (300 Points)
   - Air Quality Plan (100 Points)
   - Storage and Transportation Plan (200 Points)
   - Waste and Discharge Plan (100 Points)

The additional criteria will also be evaluated during this stage
   - Laboratory Certifications (100 Points)
   - Notice of Permit Application (100 Points)
   - Community Benefits (400 Points)
   - Qualifications of Owners (300)
   - Enhanced Product Safety (100 Points)
   - Environmental Benefits (100 Points)

4. After the applicant's Phase 3 scores have been tabulated they will be combined with Phase 2 to establish a final score. Any applicant who scored at least 80% or higher as determined by resolution will move on to Phase 4 of the selection process.

PHASE 4: RECOMMENDATIONS AND STEPS TO BE FOLLOWED

1. Department of Public Safety's final review and evaluation.

2. Department of Public Safety presents final evaluation and recommendation report to City Manager.

3. The City Manager or his/her designee shall either approve, conditionally approve, or deny the application within 60 days of the application being deemed complete. The City Manager's decision will be final. The City Manager or his/her designee shall provide the Applicant with written notice of his/her decision. If a cannabis testing laboratory permit is approved or conditionally approved, it shall only be valid for a term of twelve (12) months, and shall expire at the end of the twelve (12) month period unless it is renewed as provided in Section §4-22-11. The cannabis testing laboratory permit shall not run with the land and shall not create any rights to continue with the use of the property as a cannabis testing laboratory.
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### DESCRIPTION OF EVALUATION CRITERIA

1. **Location:** Your application must include the address and a detailed description of the laboratory testing location. (Note that proof of ownership, or a notarized letter of the owner’s willingness to lease will not be given any additional consideration until Phase 3). This section should also describe all sensitive uses within 600 feet from any parcel zoned for residential purposes and within 600 feet from any school (whether public, private, or charter, including pre-school, transitional kindergarten, and K-12), commercial day care center, or youth center. The CTL must be in the appropriate zoning and meet all the locational requirements as described in IMC Title 3-39 and Title 4-22 Sections §4-22-107 and §4-22-108.

2. **Business Plan:** With as much detail as possible, the Business Plan should describe:

   - Day-to-day operations which meet industry best practices for the specific type of permit in which they will be applying for in the City.

   - How the CTL will conform to local and state law. See IMC Sections Title 3-39 and Title 4-22 and Ordinances No. 18-01 and 18-02.

   - How medical and adult-use will be tracked and monitored to prevent diversion.

   - A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.

   The Business Plan should include:

   - A **budget** for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.

   - **Proof of capitalization**, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.

   - A **pro forma** for at least three years of operation.

3. **Neighborhood Compatibility Plan:** For the proposed location, your application should address how the CTL, including its exterior areas and surrounding public areas, will be managed, to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community. Furthermore, a site plan (accurate, dimensioned and to-scale [minimum scale of 1/4”]) should be included for the proposed location.

4. **Safety and Security Plan:** Your application should include:

   - A detailed **safety plan**. This plan should describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. **It should include an assessment of the facility's fire safety by a qualified licensed fire prevention and suppression consultant.** An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation.

   - A detailed **security plan**. This plan should include a description and detailed schematic of the overall facility security. It should have details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, 3rd party contractor security, and delivery security. In particular, applications should address ingress and egress.
access, perimeter security, product security (at all hours), internal security measures for access (area specific),
types of security systems (alarms and cameras), and security personnel to be employed. The security plan shall also include an assessment of site security by a qualified licensed security consultant. Security plans will not be made public.

- A floor plan showing existing conditions. If changes are proposed as part of the project, then a proposed floor plan should also be submitted. The floor plan(s) should be accurate, dimensioned and to-scale (minimum scale of 1/4”).

5. **Air Quality Plan.** Must demonstrate the air circulation does not impact the employees' health and welfare nor the surrounding businesses.

6. **Storage and Transportation Plan:** A storage and transportation plan that describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency.

7. **Waste and Discharge Plan:** A cannabis waste and discharge plan that ensures that cannabis sample remnants and any other byproduct of the testing procedures are disposed of in a manner that is consistent with state law.

8. **Laboratory Certifications:** A copy of the testing laboratory’s certificate(s) of accreditation and/or application(s) for certificate(s) of ISO/IEC 17025 accreditation, in compliance with state law. In the event the applicant provides only evidence of an ISO/IEC application, the applicant must demonstrate a good faith effort towards receiving final accreditation approval within a reasonable amount of time.

9. **Notice of Permit Application:** Evidence that the applicant has provided notice of the permit application to all property owners located within three hundred (300) feet of the proposed laboratory location.

10. **Community Benefits:** The application should describe benefits that the CTL would provide to the local community, such as employment for residents of the City, community contributions, or economic incentives to the City.

11. **Qualifications of Owners.** The application should include information concerning any special business or professional qualifications or licenses of Owners that would add to the number or quality of services that the CTL would provide, especially in areas related to medical cannabis, such as scientific or health care fields.

12. **Enhanced Product Safety.** The application should state how the CTL will ensure enhanced consumer safety as required by State and/or local law.

13. **Environmental Benefits.** The application should describe any proposed “green” business practices relating to energy and climate, water conservation, and materials and waste management.

**THE CITY’S RESERVATION RIGHTS**

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may also modify, postpone, or cancel the request for permit applications without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any candidate submitting a proposal.

Furthermore, a proposal **RISKS BEING REJECTED** for any of the following reasons:

1. The application or documents submitted are incomplete or not responsive to the requirements of this code.
2. The application has falsified or misrepresented any part of the application.

3. The issuance of the permit or operation of the cannabis laboratory testing facility at the proposed location is inconsistent with State law, Title 3-39, Title 4-22, Ordinance No. 18-01, Ordinance No. 18-02, or other applicable City of Irvine Municipal Codes.

If an application is denied, a new application may not be filed for one (1) year from the date of the denial.

PRIOR TO COMMENCING OPERATIONS, THE CANNABIS TESTING LABORATORY AND ITS OWNERS AND OPERATORS SHALL:

1. Obtain any and all required land use entitlements and approvals and comply with any California Environmental Quality Act requirements related thereto.

2. Be subject to a mandatory building inspection, and obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in that zone. This includes but is not limited to obtaining any required building permit(s), certificates of occupancy, Fire Department approvals, Health Department approvals and other zoning and land use permit(s) and approvals.

3. Obtain and consistently maintain insurance at coverage limits, and with conditions therein determined necessary and appropriate from time to time by the City Attorney.

4. Comply with all state and local laws and regulations, including but not limited to the requirements of this Chapter and of the permit.

5. Obtain a valid state license allowing for the operation of a cannabis testing laboratory.

6. Apply for and obtain a City of Irvine business license.

CONTACT
If you have any questions or would like an update on the status of your application, please contact Lieutenant Patrick Hurtado at 949-724-7125 or by email at dklug@cityofirvine.org.

FEES

APPLICATION FEE COST SUMMARY

| Phase 1       | $ 4,345.00 |
| Phase 2       | $ 1,467.00 |
| Phase 3       | $ 652.00   |
| Phase 4       | $ 585.00   |
| Zoning Verification Check | $ 118.00   |
| **Total Application Fee** | **$ 7,167.00** |
| Live Scan Fee | $ 112.00 (Each) |
| Background Review | $ 300.00 (Each) |